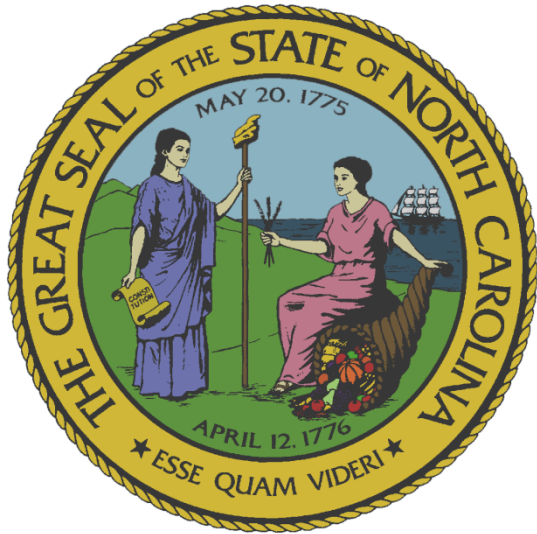# IT Business Cases and Benefits Realization

Joint Legislative Oversight Committee on Information Technology
February 6, 2014

Office of State Budget and Management
Art Pope, Budget Director

Statutory Authority

- G.S. 147-33.72C – Project Approval
  – Provides the State Chief Information Officer (CIO) authority to review and approve projects
  – Provides State CIO with authority to establish approval process and requirements
- Currently the State CIO is working with the Office of State Budget and Management (OSBM) and agency CIOs to improve the process

OSBM's Role IT Project Approval

- Currently one of four approvers for IT projects
  - Others Approvers - Enterprise Project Management Office (EPMO) and Enterprise Architecture in State CIO's Office, and Office of the State Controller

- Focuses on:
  - Budget
    - Adequate funding for both the project and 5 years of operations and maintenance
  - Business Case for all projects with a Total Cost of Ownership over $500,000
    - Sufficient business justification to move forward with a project
    - Includes review of the anticipated benefits

Business Case Development Within the Agencies

- Agencies vary in abilities to write business cases and quantify benefits
  - Agencies whose business is deeply rooted in projects better understand Return on Investment
  - Agencies whose missions relate to the state's finances are more equipped to quantify benefits
- Agencies' project management offices generally reside within IT Divisions, so business cases:
  - Are written from a technology perspective rather than a business perspective
  - Do not thoroughly analyze the true financial benefits of a project
  - Are often not vetted by the business owner

Business Case Criteria

- In previous administrations, OSBM's focus with regard IT projects was on funding and whether an agency had ample funding for the project
  - At a very high level, benefits had to outweigh the total cost of ownership for a project
- Today, additional emphasis is placed on the business case
  - OSBM asks agencies to provide **tangible** financial benefits associated with a project wherever possible
  - OSBM analyzes the benefits more closely and asks more questions
    - Are there less costly alternatives?
    - Is this a duplicative system?
    - Are the benefits realistic and quantifiable?
    - Is the business owner engaged and involved in developing the benefits?

Types of Projects and the Benefits Presented

Type of Project	Benefits
Public Safety – Criminal Justice Law Enforcement Automated Data System **(CJLEADS)**	Saves Lives
Longitudinal Data	Provides data in the long run that will better inform lawmakers and policy makers
Helps the Citizen	Doesn't necessarily save the state any money, but improves the citizen's ability to interact with state government
Built to meet federal requirements/mandate	Potential loss of federal funding if the system is not implemented
Legacy system replacement	Often costs more to operate than the legacy system, but replacement is required
Automates a business process	Allows state employees to more effectively do their jobs. May eliminate the need for additional resources over time payments, but rarely leads to the elimination of FTEs
Infrastructure/Hardware refresh	Ensures that critical applications continue to operate or facilities maintain connectivity

Benefits Realization

- OSBM and the State CIO's Office recognize the value of benefits realization, especially when there are tangible financial benefits

- Benefits realization is not done today

- Business Case Development is not mature enough
  - Business cases are not consistently written in a way to verify, quantify, and track the benefits
  - Inadequate staff to review and track benefits
  - Lack of automated tools necessary to track the benefits

Improvements to Date and Next Steps

- OSBM and the EPMO are:
  - Working with agencies to address shortcomings
  - Piloting a new template that requires agencies to categorize and quantify the benefits it presents
  - Attempting to aid project managers in articulating the types of benefits a project has
- OSBM will continue to work with the State CIO and the agencies to emphasize the importance of the business case and articulate project benefits

Questions

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